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C O N F I D E N T I A L SECTION 01 OF 03 NICOSIA 001088

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TAGS: [PGOV](#) [PREL](#) [EUN](#) [UNFICYP](#) [TU](#) [CY](#)  
SUBJECT: CYPRIOT LEADERS MEET, AGREE ON NEXT (BABY) STEPS

REF: A. NICOSIA SIPRNET DAILY REPORTS (7/3/06 AND 7/7/06)

- [1](#)B. NICOSIA 838
- [1](#)C. SCHLICHER-SILLIMAN EMAIL (7/7/06)
- [1](#)D. NICOSIA 294

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Classified By: Ambassador Ronald L. Schlicher, reasons 1.4. (b) and (d)

[1](#)1. (C) SUMMARY. On July 8, Turkish Cypriot and Greek Cypriot leaders meeting with U/SYG Gambari reached agreement on a "Set of Principles" and immediate next steps to get the stalled Cyprus settlement process moving again. Working with the UN, the two sides will engage in technical talks on day-to-day matters, as well as parallel "substantive" discussions on matters relating to a final settlement. The communities will also discuss possible confidence building measures to improve the atmosphere between them. Both leaders have spun the agreement as a victory in public, but Greek Cypriot and Turkish Cypriot officials are sounding a more cautious tone in private. Disagreements over which items should be on the substantive agenda persist and it is unclear what will happen if the two leaders have not agreed on the substantive agenda by the end of July. If the Gambari agreement is to produce results, both leaders will need to show unprecedented flexibility -- unlikely unless both Ankara and Athens actively press their Cypriot cousins for a successful process. END SUMMARY.

TALKS ABOUT TALKS  
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[1](#)2. (C) A July 8 meeting between President Papadopoulos, Turkish Cypriot leader Mehmet Ali Talat, and UN U/SYG Ibrahim Gambari produced a break-through of sorts, with the two leaders agreeing to a "Set of Principles" and some immediate next steps designed to kick-start the stalled Cyprus settlement process. The meeting, which was the first settlement-related contact between the two leaders since before the failed 2004 Annan Plan referenda (ref a), was contentious and difficult, according to a UN source -- who privately reported that the Secretary General had to intervene by phone to resolve a last-minute, "deal-breaking" disagreement (she did not specify on what topic). Nonetheless, the two leaders (who had kicked their aides out of the room for the three-hour, closed-door session) appeared side-by-side afterwards, smiling and shaking hands as Gambari announced the agreement.

[1](#)3. (SBU) The agreement (the full text is being faxed to EUR/SE), outlines a five-part "Set of Principles" that include:

-- 1) Reiteration of their commitment to a bizonal, bicomunal federation based on "political equality as set out on the relevant UNSCRs";  
-- 2) Recognition that the status quo is unacceptable and not in the interests of either Greek or Turkish Cypriots;  
-- 3) Commitment to the proposition that a settlement is possible and desirable and should therefore not be delayed;  
-- 4) Agreement to move ahead with bicomunal talks on day-to-day issues that "affect the lives of the people" and, concurrently, with bicomunal talks on substantive issues, both of which will "contribute to a comprehensive settlement," and;  
-- 5) Commitment to put an end to the "blame game" and insure the "right atmosphere" for a successful process, and as part of this, recognition that additional confidence building measures (CBMs) are "essential."

It also contains a "decision by the two leaders" to start the talks on day-to-day issues by the end of July 2006 provided that, at the same time, Papadopoulos and Talat also exchange a list of substantive issues, the contents of which will be studied by expert bicomunal working groups and finalized by the two leaders. Finally, Papadopoulos and Talat agreed to meet again "from time to time as appropriate to give directions to the bicomunal working groups and review the work of the Technical Committees."

14. (C) The agreement contains something for everyone. The inclusion of a "substantive" track, parallel to the technical one, appears to be a victory for the Greek Cypriots, since Talat (fearing that he would be pressured into piece-meal concessions - ref b) had opposed broadening proposed technical talks to include settlement-related issues. For their part, the Greek Cypriots agreed to a reference to "political equality" and accepted to discuss confidence building measures -- an idea Talat had pushed with Gambari earlier. Perhaps most interesting, however, is the agreement of the two leaders to meet again as needed to help move the process along -- and the implication that they could now be on the hook to ensure progress was made. UN sources told us

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privately that prior to their joint meeting, Gambari had told both leaders that they had to stop stalling and come up with ways to get the process moving (ref c).

LET THE SPINNING BEGIN

15. (C) Both sides have gone into spin mode to proclaim this agreement as both a positive development and a victory. Turkish Cypriot press gave the Papadopoulos-Talat agreement breathless coverage in the context of a remark in which Annan reportedly said he wanted to solve the Cyprus problem by the time he leaves office at the end of this year. In private, however, Talat aides expressed doubt that the agreement will produce significant movement -- much less a serious breakthrough -- toward settlement. In public remarks, Talat balanced optimism with caution, stating that he was pleased with the agreement, despite the inclusion of "substantive issues." He went on to reiterate that the Turkish Cypriots would approach the discussion of substantive issues "in the framework of the Annan Plan."

16. (C) Although Papadopoulos publicly cautioned that more difficulties lie ahead, other GOC officials underlined that the content of the July 8 text was very close to the February "Paris Agreement" (ref d) between Papadopoulos and Annan, which they claim laid out a similar two-track approach to issues of substance and of day-to-day concern. Meanwhile, in a July 10 briefing to the diplomatic corps, the MFA's Cyprus Question Division Chief Erato Marcoullis stressed that the apparent concessions to the Turkish Cypriots were not, in fact, concessions. She pointed out that "correct interpretation" of "political equality based on UNSC resolutions" did not include numerical equality between the

two communities (aficionados can refer to UNSCR 716 for more details). Marcoullis also noted that Talat's proposed CBMs were "incomplete" and "indicative," constituting little more than a rehash of a more "comprehensive list" that Papadopoulos had presented in July 2004 -- and resubmitted to Talat on July 8 to include the GOC's ideas on Varosha/Famagusta/direct trade. Still, Marcoullis agreed that there was at least some "overlap" between the two sides' proposed CBMs (such as the opening of more Green Line crossings), cautiously suggesting that the recent agreement to consider CBMs opened "avenues for progress."

17. (C) Perhaps most importantly, Marcoullis stressed the stipulation that technical talks and substantive talks would be "concurrent," something other GOC officials have also underlined in their statements. In a reversal of her government's aversion to "asphyxiating timelines," Marcoullis insisted that the agreement between the two leaders stipulated that the lists of substantive issues must not only to be exchanged for study by the end of July -- but that the bicomunal working groups (which do not yet exist) would need to complete their study of the lists, and the leaders would also need agree on them, by that time. (COMMENT: SRSG Moller's deputy had a different understanding of this provision when she met with us, and suggested that although the exchange of lists would have to happen by July, discussion of their content might continue beyond that date. END COMMENT.) Progress on day-to-day matters was linked to progress on substance, Marcoullis stressed, and one track would not move forward without the other.

COMMENT: MILES TO GO BEFORE I SLEEP  
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18. (C) Even a simple face-to-face meeting and a modest agreement are more than many people expected Gambari could accomplish on his trip to the island. The July 8 agreement focuses exclusively on the next baby steps needed to restart the settlement process, but nonetheless represents a departure from the previous two years of deadlock, which have been characterized by name-calling, refusal to meet, and petty disagreements over protocol and terminology. Gambari's private message to both sides -- that the next SYG would not put Cyprus as high on his agenda as Annan had, and that the UN would not hesitate to point fingers if the process collapsed -- appears to have focused the minds of both Papadopoulos and Talat. Neither want to be blamed for a UN flame-out, so an agreement like this, which commits them to meet again and take personal responsibility for progress on talks and agendas, is a good thing.

19. (C) Nonetheless, the Gambari agreement faces serious difficulties in its implementation. Even though they have agreed to discuss both substance and day-to-day issues, the two sides appear no closer to agreement on what those issues should be -- or on how they should be discussed. Talat's repeated insistence on using the "Annan framework" for substantive discussion will certainly clash with the Greek

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Cypriot desire to take a "piece-meal" approach by first tackling issues like settlers and the economy. Meanwhile, questions like Varosha (which is a CBM for the Greek Cypriots, and a substantive issue for the Turkish Cypriots) or demining (which involves equities of the famously inflexible Turkish army) are also no closer to resolution. If the Greek Cypriots insist on total agreement by July 31 on what should be on the substantive agenda, the process may stall or even fail. This, according to Moller's deputy, may be a case where quiet pressure from Athens could help. Similarly, if Ankara does not give Talat room to maneuver in the coming weeks, he could be painted as the intransigent party. If the Gambari agreement is to get the settlement process moving again, both sides need to hear encouraging messages from their mainland cousins, as well as positive pressure to move forward from the broader international

community. END COMMENT.  
SCHLICHER